

EXHIBIT 4

PRECONFISCATORY NOTICE OF OFFSET



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE CHIEF FINANCIAL OFFICER

Via Federal Express

February 6, 1997

Angel Ruiz Rivera
President, Instituto de Educacion Universal
c/o Benny Frankie Cerezo, Esq.
Hostos 848 Hyde Park
San Juan, Puerto Rico 00927-4216

Notice of Offset

Dear Mr. Rivera:

This letter is to inform you that the United States Department of Education (Department) intends to collect by administrative offset a debt in the amount of \$1,631,699 which Instituto de Educacion Universal (IEU) owes the Department. This administrative offset is taken in accordance with the Department's Debt Collection regulations, 34 C.F.R. § 30.20 - 30.31 (1995). The administrative offset is based on the following outstanding liabilities: 1) a liability of \$720,386 resulting from a Final Program Review Determination (FPRD) dated June 3, 1996 (PRCN 199530200074), 2) a liability of \$756,864 resulting from a Final Audit Determination (FAD) dated June 28, 1996 (ACN 02-40075), 3) a liability of \$4,449 resulting from a FAD dated September 17, 1996 (ACN 02-54007), and 4) a \$150,000 fine resulting from the termination action against IEU. The administrative offset will remain in effect until IEU pays all outstanding liabilities, interest, penalties, and administrative costs owed to the Department.

IEU's right to inspect and copy Department records pertaining to the debt and its right to obtain a review within the Department of the existence and amount of the debt were provided previously under the provisions of 34 C.F.R. Part 668, Subpart H. IEU availed itself of this procedure when it appealed the liabilities. Pursuant to the provisions of 34 C.F.R. § 30.22(d), the Department will offset this debt without providing the institution a second opportunity to contest the debt.

The Department will offset the liabilities and fine pursuant to the provisions of 34 C.F.R. § 30.28 because the failure to offset at this time could substantially prejudice the Department's ability to collect the debt. 34 C.F.R. §§ 668.24(c)(2)(ii), 668.123. Specifically, the Department's Hearing Office upheld IEU's termination of eligibility to participate in the programs authorized under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070 *et seq.* ("Title IV, HEA Programs"). See In the Matter of Instituto de Educacion Universal, Docket No. 96-28-ST (January 24, 1997). The Department has determined that IEU's closure is a likely result of the termination because of the significant revenue IEU derives from the Title IV, HEA

400 MARYLAND AVE., S.W. WASHINGTON, D.C. 20202

Our mission is to ensure equal access to education and to promote educational excellence throughout the Nation.

FEB-10-1997 12:51

202 401 9533

94%

P.04

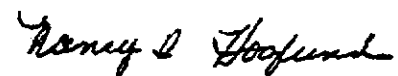
Angel Ruiz Rivera
Page 2

programs and IEU's repeated representations that without Title IV funding the school will close. Given these circumstances, the Department concludes that immediate offset is necessary to recover this claim.

Under 34 C.F.R. § 30.28(b), the Department will refund any amount that is later found not to be owed to the Department.

If you have any questions regarding the Department's actions, please call me at (202) 401-1450.

Sincerely,



Nancy I. Hoglund, Director
Accounts Receivable Management Group